

MINING LEASE

THIS AGREEMENT made and entered into this 10th day of April, A.D. 1981, by and between TAYLOR LIVESTOCK, INC., a Utah Corporation hereinafter referred to as LESSOR and MAX E. COOLEY, doing business as T & M RECOVERY, hereinafter referred to as LESSEE, WITNESSETH:

In consideration of the mutual covenants and agreements herein setforth and in consideration of the sum of Ten Dollars (\$10.00) paid by each of the parties to the other, the parties hereto mutually covenant and agree as follows:

RIGHTS GRANTED TO LESSEE: Lessor does hereby demise and leave to Lessee the following described real property including the mineral rights contained thereon to-wit:

Lots 4, 5, 6, Section 7, T23S, R24E, less that portion of Lot 6 belonging to Ballard Harris, comprising of 111.15 acres, Grand County, State of Utah.

Together with all and singular the minerals, lodes and veins within the lines of said land and all dips and spurs and all rights and privileges and appurtenances thereto appertaining or in any wise belonging. Also together with any and all right, title, and interest hereafter acquired by Lessor, or by any one for the benefit of Lessor, in and to said land.

TO HAVE AND TO HOLD the same unto Lessee for a term commencing on the 10th day of April A.D. 1981 and continuing for 30 days from said date. At the end of said 30 days, Lessee is granted the option to renew this lease for an additional 6 month period of time, provided Lessee pays to Lessor the sum of Three-thousand dollars (\$3,000.00) per month or minerals having the value of Three-thousand dollars (\$3,000.00) per month. At the expiration of the aforementioned 6 month option, Lessee is granted the option to renew this Lease in 6 month increments, provided Lessee gives to Lessor the minimum sum of Three-thousand dollars (\$3,000.00) per month or minerals having the value of Three-thousand dollars (\$3,000.00) per month.

RIGHT OF POSSESSION: Lessee shall have the exclusive right and privilege of entering upon said leased premises and taking immediate possession thereof for the purpose of exploring, prospecting, developing, mining, removing, shipping, treating, selling, and disposing of gold and any other minerals whatsoever upon or under the leased premises and the right and privilege to construct all drilling rigs, works, buildings, dwellings, plants, ditches, reservoirs, roads, railways, structures, machinery, mills and appliances, dredges, sluices, and pumps, necessary for the mining and marketing of the minerals, and to use so much of the surface of the leased premises as reasonably may be required for the exercise of the rights and privileges herein granted. All work performed by Lessee upon, and within the leased premises shall be done in accordance with good mining practices.

LESSORS RIGHT OF INSPECTION: Lessee shall allow duly authorized agents or representatives of Lessor, from time to time, to enter upon and into all parts of said leased premises for the purpose of inspection at such reasonable times as shall not interfere with the regular operation of the leased premises. It is understood that Lessee shall assume no responsibility for the safety of the agents or representatives of Lessor when and while upon the leased premises for such purposes.

STATE AND FEDERAL ENACTMENTS-INDEMNIFICATION OF LESSOR:

Lessee, in the operation and development of the property hereby leased, shall be subject to all applicable Federal enactments, laws of the State of Utah, and all Federal or State rules and regulations regarding Employer's Liability, Workmen's Compensation and Workmen's Old Age and Unemployment Insurance, and said Lessee covenants and agrees to indemnify and hold harmless Lessor from and against the payment of any and all damages, claims, costs, and expenses due to the existence of such enactments, and of any and all claims, costs, and expenses due to the existence of such enactments, and of any and all claims, costs and expenses in connection therewith under any claim of subrogation provided for by said enactments or otherwise arising out of any operation conducted under this Lease by Lessee; Lessee shall further indemnify and hold harmless Lessor from and against any and all damages, claims, costs and expenses arising out of damage to property or any injuries to, or death of, the employees of Lessee, or any other person whomsoever, other than the Lessor and those acting under Lessor, where such injury, death or damage occurs because of, or in connection with, the use, operation, or development, in any manner, of the property hereby leased by Lessee, whether such claims are based upon a right conferred by the common law or by statute.

PROPERTY TO BE KEPT FREE OF LIENS: Lessee shall pay and satisfy all claims for materials, supplies and labor in connection with the working of said leased premises and shall keep said leased premises free of liens or encumbrances of any and every kind, except such as might result from the acts of others than Lessees, their employees or those in privity with them.

PROTECTION AGAINST LIENS ARISING THROUGH LESSOR'S DEFAULT:

In the event there are any liens or encumbrances against said leased premises, or in the event any liens or encumbrances shall hereafter accrue against the same by acts or neglect of Lessor, then Lessee may, at Lessee's option, pay and discharge same, and if Lessee elects so to do, then Lessor agrees to repay Lessee upon demand all such sums so paid by Lessee, together with interest thereon from the date of payment of said sums at the rate of eight percent (8%) per annum until paid.

TERMINATION: This lease is made upon the condition that Lessee shall perform all of the covenants and agreements herein set forth to be performed by him, and if, at any time, Lessee shall fail for a period of thirty days to make any payment due hereunder, (no notice being required to be given by Lessor to Lessee) this Lease shall immediately become null and void and of no further force or effect whatsoever and Lessee shall immediately deliver to Lessor the said leased premises.

In the event there shall be any other default on the part of Lessee due to other than acts of God, strokes, lockouts, storms, floods, a public enemy or unusual calamity, or any other cause entirely beyond

Lessee's control, and if such default shall continue for a period of thirty days after written notice of such default being given to Lessee, then and in that event, this Lease shall terminate and the leased premises shall revert to Lessor and Lessee shall deliver to Lessor the said leased premises.

LESSEE'S RIGHT OF SURRENDER: It is mutually understood and agreed that Lessee may, at any time, surrender and terminate this Lease upon giving to Lessor ten days notice in writing and paying to Lessor all royalties and other sums due and payable to Lessor to the effective date of such surrender.

REMOVAL OF EQUIPMENT: It is mutually understood and agreed that in case of forfeiture, surrender or other termination of this Lease, all underground timbering supports, shaft linings and other fixtures necessary for the preservation of any mine head frames upon or in the said leased premises shall be, and remain, a part of the realty and shall revert to Lessor, without further consideration or compensation.

It is further understood and agreed that Lessee may remove all personal property of Lessee's located within the leased premises, and all buildings, machinery, equipment and tools (other than the fixtures to become the property of Lessor as above provided) within ninety days after such termination of this Lease or within such extension of time as may be granted by Lessor.

TAXES: Each party to this agreement agrees to pay their proportionate share of all production taxes based upon, or measured by, the production of ore or minerals from the leased premises.

INFORMATION TO BE FURNISHED: At the request of Lessor, Lessee agrees to furnish to Lessor with copies of all maps showing location of drill holes drilled by Lessee, together with logs of such holes, analyses of samples obtained from the drill holes and any and all other information relative to said leased premises.

ROYALTIES: Lessee shall pay on all minerals extracted, a royalty to Lessor of twelve percent (12%). As specific on Page 1, if a minimum of Three-thousand dollars (\$3,000.00) is not paid to Lessor each month for and as royalties, Lessee has no right to renew this lease in 60 days.

USE OF THE PROPERTY: Lessee is granted the right to use the surface of the above described property for the washing of gravels and the stockpiling of the same. Said washing of gravels and stockpiling is hereby deemed sufficient and totally of Lessee's reclamation responsibilities. If any gravels are sold during the terms of this lease the profit from such sales are to be divided equally between Lessor and Lessee.

MANNER OF GIVING NOTICE: Any notice contemplated herein to be served upon Lessor and/or Lessee shall be in writing and shall be sufficiently given if deposited in the United States mail, postage prepaid and registered or certified and addressed as follows, or at such other address as the parties may, from time to time, designate by written notice to the other party:

Taylor Livestock, Inc.
24 Apache Circle
Moab, Utah 84532

T & M Recovery
P. O. Box 1140
Moab, Utah 84532

Subject to the limitation herein contained the provisions hereof shall inure to the benefit of and shall be binding upon the successors in interest, legal representatives and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

Max E. Cooley

Max E. Cooley, Lessee
doing business as:

T & M Recovery - Max E. Cooley

T & M Recovery

Lester Taylor

Taylor Livestock, Inc., Lessor
PRESIDENT

BY: D. L. Taylor

Secretary

ATTEST our hands and seals this 28 day of April,
A. D. 1981.

Com esp: 6-13-83

Barbara Domenick, Notary
Maab, Ut.

ADDENDUM
TO
MINING LEASE

TAYLOR LIVESTOCK, INC., LESSOR
MAX E. COOLEY dba T&M RECOVERY, LESSEE

This addendum is an integral part of said Mining Lease and the provisions hereof, which are in conflict with the provisions embodied in said Mining Lease, are paramount and shall supercede the provisions embodied in said Mining Lease.

A. Despite anything contained to the contrary in that certain paragraph entitled "Termination" which commences on Page 2 of said Mining Lease, the Lessee shall not be in default of its performance of any of the covenants and agreements set forth in said Mining Lease until Lessor has in writing notified Lessee of such default and Lessee has not cured such default within 15 days of receipt by it of such notice.

B. The paragraph entitled "Royalties" set forth on Page 3 of said Mining Lease is hereby deleted in its entirety. A new paragraph is inserted in place thereof to read as follows:

ROYALTIES: Lessee shall pay on all minerals extracted a royalty equal to the greater of THREE THOUSAND DOLLARS (\$3,000) per month or 12% of the "net smelter returns" in the event production is taken from the said property. All royalties payable by Lessee hereunder shall be paid 50% to Taylor Livestock, Inc., and 50% to Nellie McPherson. As specified on Page 1, if a minimum of THREE THOUSAND DOLLARS (\$3,000) is not paid to Lessor and Nellie McPherson during each month for and as royalties, Lessee has no right to renew this lease in six month increments as provided on Page 1 hereof.

C. Except as herein modified or amended, the terms and provisions of said Mining Lease shall remain in full force and effect and the same are hereby ratified by the parties hereto.

Max E. Cooley
Max E. Cooley, Lessee
doing business as:

T & M Recovery - Max Cooley
T & M Recovery

Lester Taylor
Taylor Livestock, Inc., Lessor
PRESIDENT

By: L. Taylor
Secretary

ATTEST our hands and seals this 4 day of May, 1981.

Paula Pratt - Notary
(Comm exp) 4-18-82